

Message Text

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PAGE 01 KINSHA 10089 021159Z

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ACTION AF-08

INFO OCT-01 EB-07 ISO-00 INR-07 SP-02 L-03 SS-15 /043 W

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R 021025Z DEC 76

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 0786

INFO AMCONSUL LUBUMBASHI

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E.O. 11652: N/A

TAGS: EMIN, EFIN, CG

SUBJECT: EXIM LOAN TO GECAMINES

REF: A) GALLAGHER TELCON, B) LUBUMBASHI 188, C) LUBUMBASHI 191,
D) STATE 277791

1. CONSULATE CALLED ON FINANCE DIRECTOR ROCHER ON NOVEMBER 30
TO PASS INFO FROM REF A THAT: (A) GECAMINES SHOULD DO ALL
WITHIN ITS POWER TO MEET EXIM DEADLINE, BUT THAT 90-DAY
EXTENSION MIGHT BE GRANTED; (B) LOAN MUST BE SUBJECT TO SPECIAL
PAYMENT FACILITY.

2. AFTER DISCUSSION OF POSSIBLE ACTIONS, IT BECAME CLEAR THAT
NOBODY AT GECAMINES WAS IN POSITION TO TAKE ACTION FORWARDED
PARA 2 REFTEL B. IN ABSENCE OF UMBA, WHO IS IN CHILE AND WILL
BE PROCEEDING DIRECTLY TO WASHINGTON ON DECEMBER 6, GECAMINES
WILL NOT BE PROVIDING SECOND MESSAGE REQUESTING 90-DAY EXTENSION
AND EXPLAINING PROBLEMS MEETING CURRENT DEADLINE.

3. SINCE DEADLINE APPROACHING AND COMMUNICATIONS DIFFICULT,
ROCHER REQUESTED THAT MARKS PASS REFTEL C TO UMBA UPON HIS
ARRIVAL IN WASHINGTON.

4. DURING DISCUSSION ROCHER REITERATED FOLLOWING OBJECTIONS TO
EXIM CONDITIONS:

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PAGE 02 KINSHA 10089 021159Z

A. NECESSITY FOR BOTH PAYMENT FACILITY AND GUARANTEE FEE AS

DISCUSSED PARA 3 REFTEL B.

B. EXIM TERMS ARE VIRTUALLY AS ONEROUS AS COMMERCIAL BANK, WHILE AT THE SAME TIME TIED TO PURCHASE OF U.S. PRODUCTS. ROCHER STATED CLEARLY THAT GECAMINES MIGHT NOT ACCEPT LOAN IN ITS PRESENT FORM AND HOPED THAT FLEXIBILITY ON PART OF BOTH PARTIES MIGHT SALVAGE LOAN AGREEMENT.

5. CONSULATE COMMENT: CONSULATE BELIEVES LOAN DEFINITELY IN JEOPARDY BUT UNCERTAIN HOW MUCH OF ACT IS BRINKMANSHIP OR HOW STRONGLY UMBA WILL PURSUE ISSUES IN WASHINGTON. ALTHOUGH CONSULATE STRESSED WITH UMBA IMPORTANCE OF CALLING ON AF/C IN WASHINGTON, HE MAY HAVE SECOND THOUGHTS IN LIGHT OF DEVELOPMENTS AT CIPEC MEETING. UPON UMBA'S ARRIVAL, ROCHER'S MESSAGE ALONG WITH DEPARTMENT'S ASSESSMENT OF SITUATION MIGHT BE PASSED TO UMBA.

6. CONSULATE BELIEVES DEPARTMENT SHOULD, IF IT HAS NOT ALREADY DONE SO, PASS SUBSTANCE OF UMBA MESSAGE OF NOVEMBER 18 (REFTEL B) TO EXIM ALONG WITH EXPLANATION THAT GECAMINES, IN UMBA'S ABSENCE, UNABLE TO MAKE ALTERNATIVE REQUEST.

7. SINCE SEPTTEL MENTIONED REFTEL D NOT YET RECEIVED BY CONSULATE, NO APPROACH HAS BEEN MADE TO GECAMINES REGARDING U.S. CONCERN OVER PRODUCTION GOAL. DEPARTMENT MIGHT WISH TO PRESENT PROPOSAL TO UMBA DURING VISIT IN CONNECTION WITH EXIM DISCUSSIONS. END CONSULATE COMMENT.

8. EMBASSY COMMENT: EMBASSY CONCURS WITH CONSULATE ANALYSIS. GIVEN UMBA'S ABSENCE, WE SEE LITTLE MORE THAT CAN BE DONE HERE AND BELIEVE THAT ANY PROGRESS WILL HAVE TO BE MADE WHILE UMBA IS IN WASHINGTON. WE WOULD SUGGEST THAT AF/C MIGHT WISH TO CONTACT UMBA IN SANTIAGO TO EMPHASIZE ONCE AGAIN THE IMPORTANCE OF HIS STOPPING AT AF/C AND OF BEING PREPARED TO NEGOTIATE FLEXIBLY WITH EXIM. IF DEPARTMENT FEELS THAT IT WOULD BE PROPITIOUS TO MAKE A HIGH-LEVEL REPRESENTATION TO EXIM TO ELIMINATE SPECIAL PAYMENT FACILITY ASPECT OF GECAMINES LOAN OR TO GET EXIM TO LOWER THE GUARANTEE FEE, WE WOULD SUPPORT SUCH A DEMARCHE FULLY. CUTLER

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